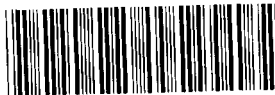


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hours per response..... 12.00

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8-52813

**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01-01-2004 AND ENDING 12-31-2004  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: ALMAX FINANCIAL SOLUTIONS, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

2004 ROUTE 31 N. SUITE 12

(No. and Street)

CLINTON

(City)

NEW JERSEY

(State)

08809

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

MARK C. SCHULTZ

800-966-6664

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

NISIVOCCIA & COMPANY, LLP

(Name - if individual, state last, first, middle name)

5 EMERY AVENUE

(Address)

RANDOLPH

(City)

NEW JERSEY

(State)

07869

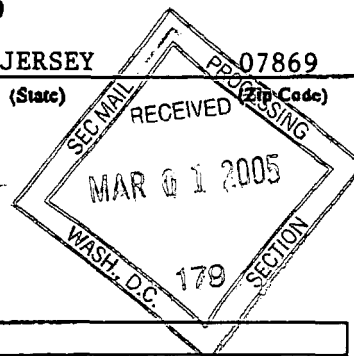
(Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

MAR 23 2005

THOMSON  
FINANCIAL



**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Handwritten signature/initials

## OATH OR AFFIRMATION

I, MARK C. SCHULTZ, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ALMAX FINANCIAL SOLUTIONS, LLC, as of DECEMBER 31, 2004, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

DAVID S. DANCY  
NOTARY PUBLIC OF NEW JERSEY  
MY COMMISSION EXPIRES MAY 2, 2005

Mark C. Schultz  
Signature

MANAGING MEMBER  
Title

David Dancy 2/26/05  
Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

ALMAX FINANCIAL SOLUTIONS, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003



NISIVOC CIA & COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

5 Emery Ave.  
Randolph, NJ 07869  
Phone: 973-328-1825  
Fax: 973-328-0507

11 Lawrence Road  
Newton, NJ 07860  
Phone: 973-383-6699  
Fax: 973-383-6555

Independent Auditors' Report

To the Member of  
AlMax Financial Solutions, L.L.C.

We have audited the accompanying statement of financial condition of AlMax Financial Solutions, L.L.C. (the "Company") (a single member New Jersey limited liability company), as of December 31, 2004 and 2003. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of AlMax Financial Solutions, L.L.C. as of December 31, 2004 and 2003, in conformity with accounting principles generally accepted in the United States of America.

Newton, New Jersey  
January 24, 2005

*Nisivoccia & Company LLP*

ALMAX FINANCIAL SOLUTIONS, LLC  
STATEMENT OF FINANCIAL CONDITION

	DECEMBER 31,	
	2004	2003
ASSETS		
Current assets		
Cash and cash equivalents	\$ 35,853	\$ 18,577
Trading securities	14,616	13,907
Commissions receivable	4,081	4,262
Total current assets	<u>\$ 54,550</u>	<u>\$ 36,746</u>
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	\$ 27,661	\$ 10,250
Accrued expenses	4,063	3,300
Total current liabilities	<u>31,724</u>	<u>13,550</u>
Member's equity	<u>22,826</u>	<u>23,196</u>
Total liabilities and member's equity	<u>\$ 54,550</u>	<u>\$ 36,746</u>

The accompanying notes are an integral part of these statements

ALMAX FINANCIAL SOLUTIONS, L.L.C.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004 and 2003

Note 1 - General Business

AlMax Financial Solutions, L.L.C. (the "Company") (a single member New Jersey limited liability company) was formed in the State of New Jersey on May 4, 2000, for the purpose of marketing mutual funds, variable annuities, and life insurance products. The Company will be dissolved by December 31, 2025; unless otherwise terminated as provided for in the Company's operating agreement. Under the laws of the State of New Jersey, the liability of the Company's member is limited to his investment in the Company. The Company's registration as a broker-dealer with the Securities and Exchange Commission became effective December 20, 2000. The Company serves as placement agent for such products. As a placement agent, the Company does not receive funds, but rather funds are transmitted directly by mutual fund purchasers to the issuers' escrow agents or transfer agents. The Company's headquarters are located in Clinton, New Jersey and is licensed to do business in eleven states.

Note 2 - Significant Accounting Policies

Basis of Accounting

The Company reports its financial statements on the accrual basis of accounting.

Revenue Recognition

The Company recognizes revenue when earned based upon their contractual obligations with mutual funds and insurance companies. Some contracts may contain a six month to one year charge back period for canceled contracts. Management believes any such charge backs are insignificant and has not provided any allowance for such charge backs.

Commissions

Commissions and related clearing expenses are recorded on a trade date basis as securities transactions occur.

Accounts Receivable

The Company's commissions receivable consist principally of commissions due from issuers of mutual funds and variable annuities. Management periodically assesses the collectibility of accounts receivable based upon the financial strength of the issuers of mutual funds and variable annuities. Management believes no allowance for doubtful accounts is required as of December 31, 2004 and 2003.

Securities Transactions

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities and commodities transactions entered into for the account and risk of the Company are recorded on a trade date basis. The Company does not take possession of customers' securities or commodities.

Trading Securities

Under SFAS 115, securities bought and held principally for the purpose of selling them in the near term are classified as trading securities. Trading securities are stated at market value with unrealized gains and losses recognized currently in income from operations.

ALMAX FINANCIAL SOLUTIONS, L.L.C.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004 and 2003  
(Continued)

Note 2 - Significant Accounting Policies (continued)

Income Taxes

The Company is a disregarded entity for income tax purposes, and thus no income tax expense has been recorded in the financial statements. Income of the Company is taxed to the member in his individual return. The member may make substantial capital withdrawals periodically to pay his personal income tax liabilities.

Statement of Cash Flows

For purposes of the statement of cash flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than ninety days that are not held for sale in the ordinary course of business.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 - Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2004, the Company had net capital of \$16,623, which was \$11,623 in excess of its required net capital of \$5,000. The Company's net capital ratio was 1.91 to 1. At December 31, 2003, the Company had net capital of \$7,414, which was \$2,414 in excess of its required net capital of \$5,000. The Company's net capital ratio was 1.83 to 1.

Note 4 - Reserve Requirements

The Company is exempt under Section K(2)(i) from the Securities and Exchange Commission Reserve Requirements (Rule 15c3-3).

Note 5 - Concentration of Credit Risk

The Company's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, short-term investments and commissions receivable. The Company places its cash and cash equivalents with quality financial institutions. At times, such cash equivalents may be in excess of the FDIC insurance limit, or in some cases, may be completely uninsured. The Company believes no significant concentration of credit risk exists with respect to its cash, cash equivalents and commissions receivable. It is not the Company's policy to require collateral for receivables outstanding.

During the years ended December 31, 2004 and 2003, 95% of commission revenue was derived from two major sources. Included in commissions receivable, from the two sources were \$3,104 and \$1,875 as of December 31, 2004 and 2003, respectively.

ALMAX FINANCIAL SOLUTIONS, L.L.C.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004 and 2003  
(Continued)

Note 6 - Trading Securities

Trading securities are stated at readily determinable fair value and are comprised of mutual funds with various underlying holdings as of December 31, 2004 and 2003. The cost, unrealized appreciation, and fair market value are summarized as follows:

	December 31,	
	2004	2003
Cost	\$ 14,455	\$ 13,559
Unrealized appreciation	161	348
Fair value	<u>\$ 14,616</u>	<u>\$ 13,907</u>

Note 7 - Related Party Transactions

Effective August 15, 2003, the Company entered into a reimbursement agreement with Your Money Matters, Inc. (YMMI), an entity wholly owned by the member. The agreement calls for the Company to reimburse YMMI for certain expenses that YMMI incurs on behalf of the Company. The agreement had an initial term of one year and is subject to automatic renewal until canceled by either party. The Company shall reimburse YMMI \$297 per month, payable monthly in advance. The cumulative expenses incurred for liability insurance, workers' compensation, postage, supplies, and utilities amounted to \$3,564 and \$1,084 for the years ended December 31, 2004 and 2003, respectively. There was a payable due to YMMI of \$297 for both years ended December 31, 2004 and 2003.

Effective August 15, 2003, the Company entered into an office and service administrative agreement with Investment Capital Management, Inc. ("ICM"), an entity wholly owned by the member. The agreement calls for ICM to undertake the performance of certain administrative functions such as office and secretarial services, accounting oversight, use of office facilities and equipment, health insurance and related employee benefits, liability insurance and other indirect expenses of operations. The agreement has an initial term of one year and is subject to automatic renewal unless canceled by either party. Under the agreement, the Company agrees to pay ICM a proportional allocation service fee of \$1,919 per month, payable in advance. ICM may also bill the Company for other overhead costs as determined by ICM. The expenses incurred under this agreement amounted to \$23,026 and \$8,248 for the years ended December 31, 2004 and 2003. Included in accounts payable is a liability due ICM of \$1,919 for each years ended December 31, 2004 and 2003.



ALMAX FINANCIAL SOLUTIONS, LLC  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
YEAR ENDED DECEMBER 31, 2004

## Net capital:

Total member's equity	\$ 22,826
Deduct member's equity not allowable	-
Total member's equity qualified for net capital	<u>22,826</u>

## Deductions and/or charges:

## Non-allowable assets:

Commission receivable from variable annuities and asset based fees	<u>4,011</u>
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Net capital before haircuts on security positions (tentative net capital)	18,815
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## Haircuts on securities

Other securities	<u>2,192</u>
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Net capital	<u><u>\$ 16,623</u></u>
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## Aggregate indebtedness:

## Items included in balance sheet:

Accounts payable	\$ 27,661
Accrued expenses	<u>4,063</u>

Total aggregate indebtedness	<u><u>\$ 31,724</u></u>
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## Computation of basic net capital requirement:

Minimum net capital required	<u><u>\$ 5,000</u></u>
------------------------------	------------------------

Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)	<u><u>\$ 13,450</u></u>
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Ratio: Aggregate indebtedness to net capital	<u><u>1.91</u></u>
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## Reconciliation with Company's computation (included in Part IIA of Form X-17A-5 as of December 31, 2003)

## Net Capital, as reported in Company's Part II (unaudited)

FOCUS report	\$ 20,686
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## Audit adjustments to net capital:

Accrue professional fees	<u>4,063</u>
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Net capital per above	<u><u>\$ 16,623</u></u>
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See independent auditors' report

ALMAX FINANCIAL SOLUTIONS, L.L.C.  
INFORMATION RELATING TO POSSESSION OR CONTROL  
REQUIREMENTS UNDER RULE 15c3-3 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2004

1 Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date), but for which the required action was not taken by respondent within the time frames specified under Rule 15c3-3.

None.

2 Customers' fully paid securities and excess margin securities of which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags; which result from normal business operations" as permitted under Rule 15c3-3.

None.

5 Emery Ave.  
Randolph, NJ 07869  
Phone: 973-328-1825  
Fax: 973-328-0507

11 Lawrence Road  
Newton, NJ 07860  
Phone: 973-383-6699  
Fax: 973-383-6555

Independent Auditors' Report on Internal Accounting  
Control Required by SEC Rule 17a-5

To the Member of  
AlMax Financial Solutions, L.L.C.

In planning and performing our audit of the financial statements of AlMax Financial Solutions, L.L.C., for the years ended December 31, 2004 and 2003, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by AlMax Financial Solutions, L.L.C. that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customer or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in condition or the effectiveness of the design and operation may deteriorate.

To the Member of  
AlMax Financial Solutions, L.L.C.  
Page 2

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2004 and 2003, to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Newton, New Jersey  
January 24, 2005

*Nisiovoccia & Company LLP*